

National Education Reform Initiatives

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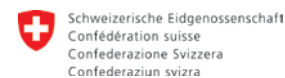
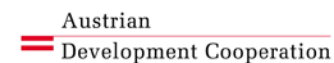
30 May 2017

Vienna

Strategies for greater compliance with International Education Standards



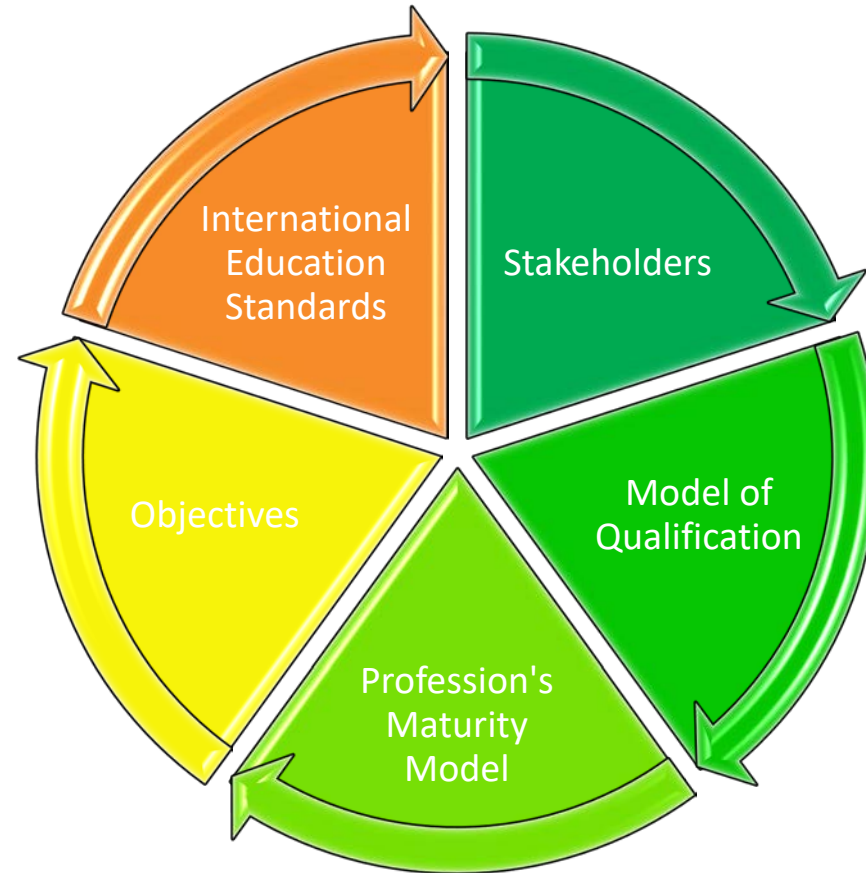
STAREP is co-funded by:



- » “National Initiatives for Strengthening Accounting Education”
EDUCoP in Minsk, October 2016
 - » Evaluating the current strengths and weaknesses of accounting and auditing professional education and certification models in each STAREP country;
 - » Identifying synergies and gaps in accounting and auditing education between the university and professional levels;
 - » Outlining a long term vision for each country;
 - » Prioritizing key initiatives and determining the next steps to be undertaken in the short term



Action Plan





Outline of presentation

Presentation is based on the answers from EDUCoP members

- » International Education Standards
- » Objectives

International Education Standards – “Cradle to Grave”

Entry to
Professional
Education
IES 1



Required
Education
IES 2, 3, 4



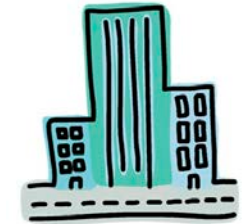
Exams
IES 6



Experience
IES 5



Professional
Qualification



Continuing
Professional
Development

IES 7



Engagement
Partners
IES 8



IES 1 Entry requirements

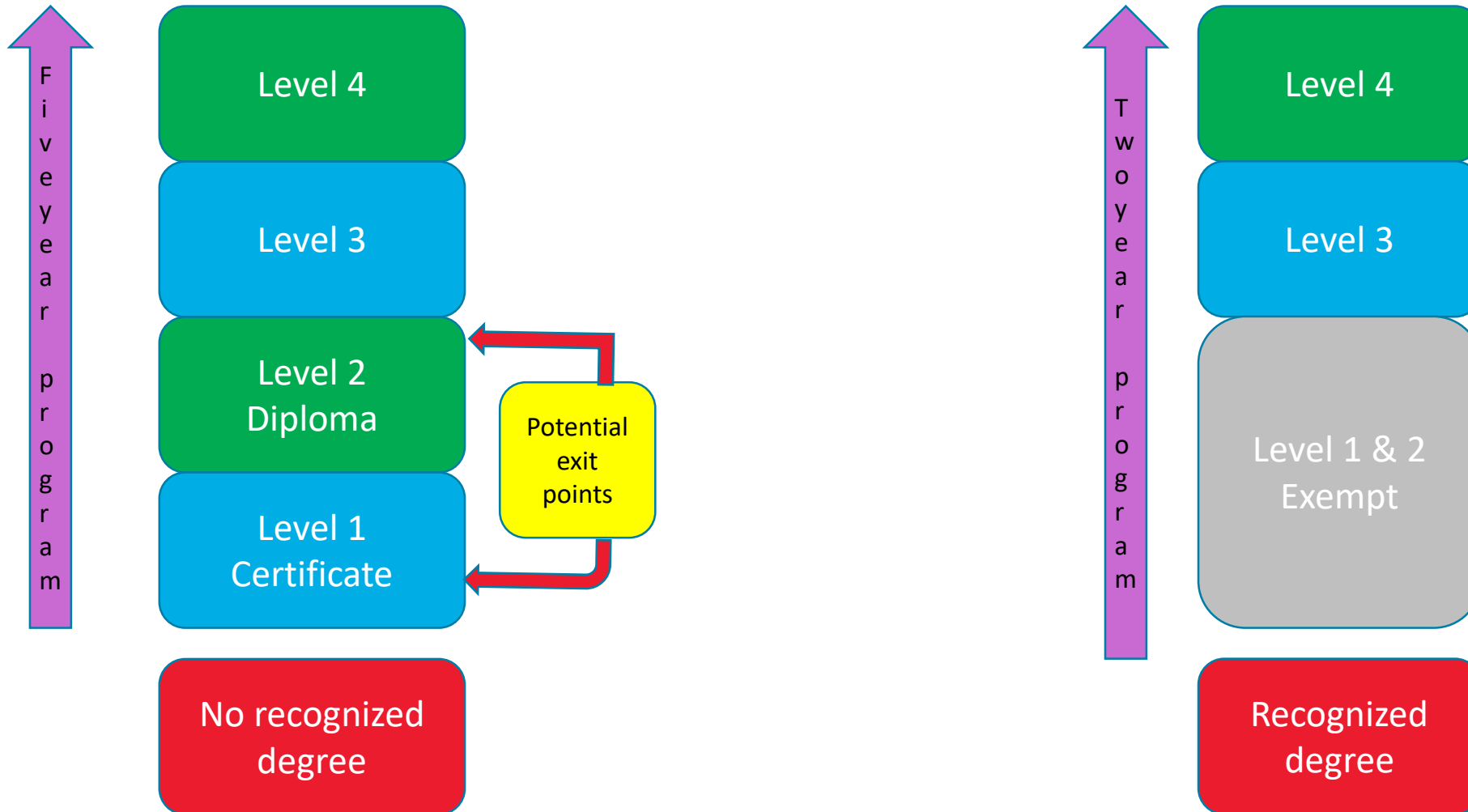
- » IES 1 establishes fair and proportionate educational entry requirements for professional accounting education programs
 - » Fair and proportionate requirements
 - » Neither too high nor too low
 - » Allow entrance to those with reasonable chance of successful completion
 - » Nor representing excessive barriers to entry



Illustrative example on IES 1

- » An illustrative example of a fictitious member body which highlights the factors to take into consideration when setting educational entry requirements (source <https://www.ifac.org/system/files/publications/files/Illustrative-Example-IES-1-Sept-2016.pdf>)
- » Two routes available:
 - » The graduate route
 - » The non graduate route

Illustrative example on IES 1





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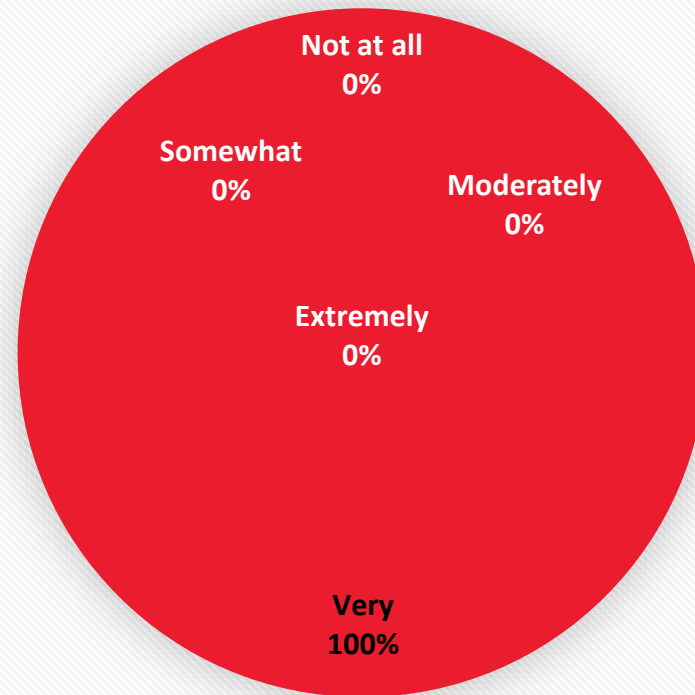


Entrance requirements to the professional education program

- » University degree is exit and not entry requirement
- » AAAA accredits university program

How satisfied are you with your country's processes and requirements

How satisfied with country's processes and requirements



■ Not at all ■ Somewhat ■ Moderately ■ Very ■ Extremely

AZERBAIJAN





Entrance requirements to the professional education program

- » Economics Degree is a pre-requisite to become an auditor, but no requirements to become a professional accountant



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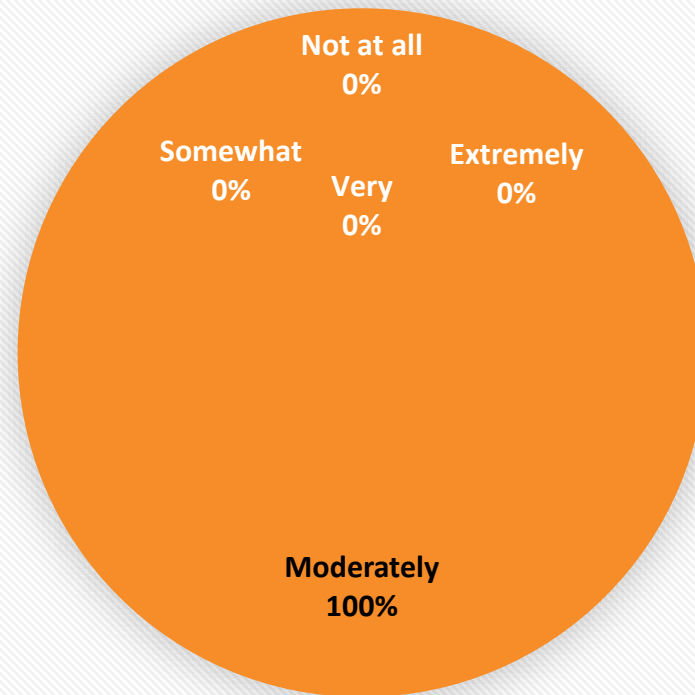


Entrance requirements to the professional education program

- » University degree in economics or law (for auditors)
- » At least five years of work experience as an accountant and having higher education authorizing one to work as an accountant (for a professional accountant certificate)

How satisfied are you with your country's processes and requirements

How satisfied with country's processes and requirements



■ Not at all ■ Somewhat ■ Moderately ■ Very ■ Extremely



Key changes

» PAO involvement in the certification process



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Entrance requirements to the professional education program

- » Higher education – Bachelor degree in any field
- » If not Bachelor degree → 5th level of academic education or 4th semester of Bachelor education with the requirement of Bachelor degree prior to completing the certification program

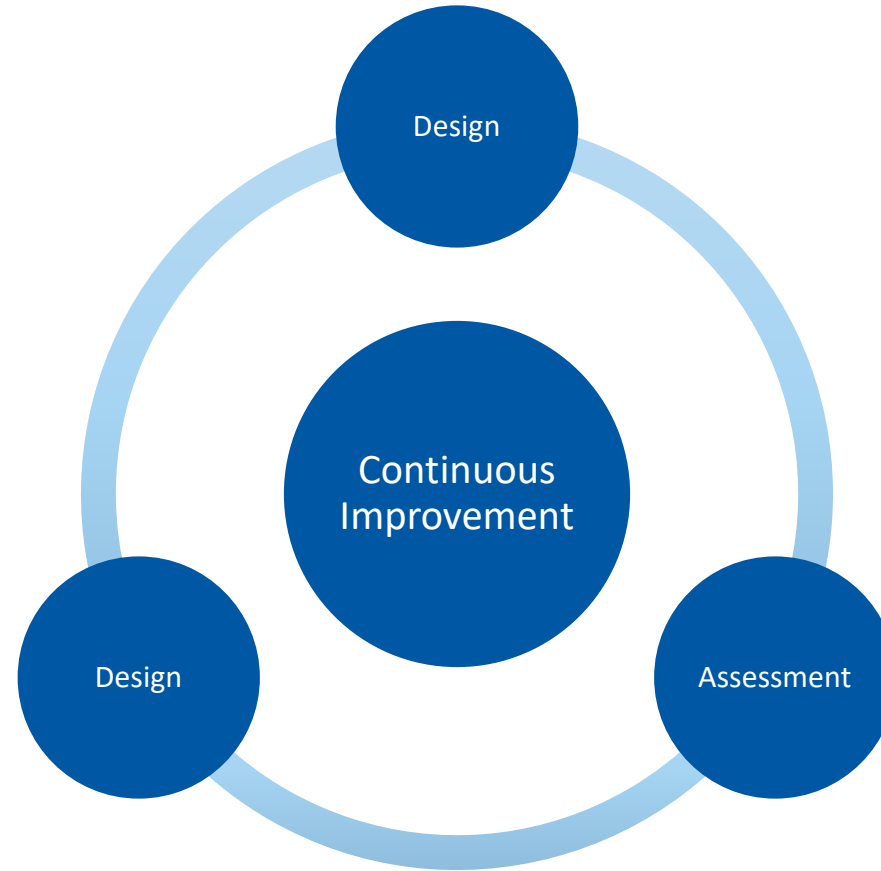


IES 2 Initial Professional Development

- » IES 2 establishes the technical competence needed by aspiring professional accountants.
- » Prescribe learning outcomes to be achieved by aspiring professional accountants by the end of IPD
 - » 11 competence areas & accompanying proficiency levels
 - » 46 learning outcomes
- » You may include:
 - » Additional competence areas
 - » Increase the level of proficiency for some competence areas; or
 - » Develop additional learning outcomes

- » Learning outcomes are prescribed by a number of the IESs. Demonstrating the achievement of these outcomes provides evidence of the professional competence of the individual to perform the role of a professional accountant.
- » A learning outcomes approach embodies the idea that learning and development experiences are most effective when based on what the individual needs to demonstrate.
- » The guiding principles describe the fundamental elements of a learning outcomes approach and can be applied to Initial Professional Development (IPD) professional accounting education programs, Continuing Professional Development (CPD) programs, and the development of professional competence through practical experience.

Guiding Principles for a Learning Outcomes Approach

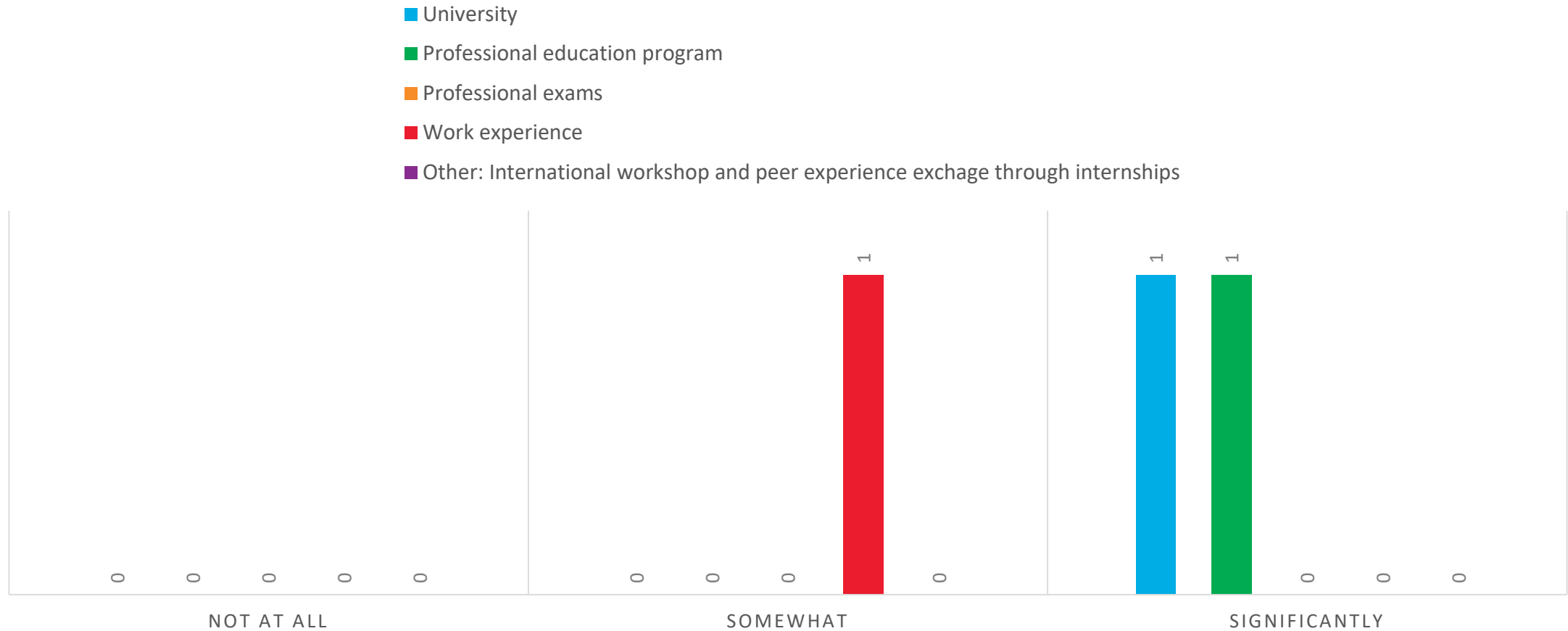




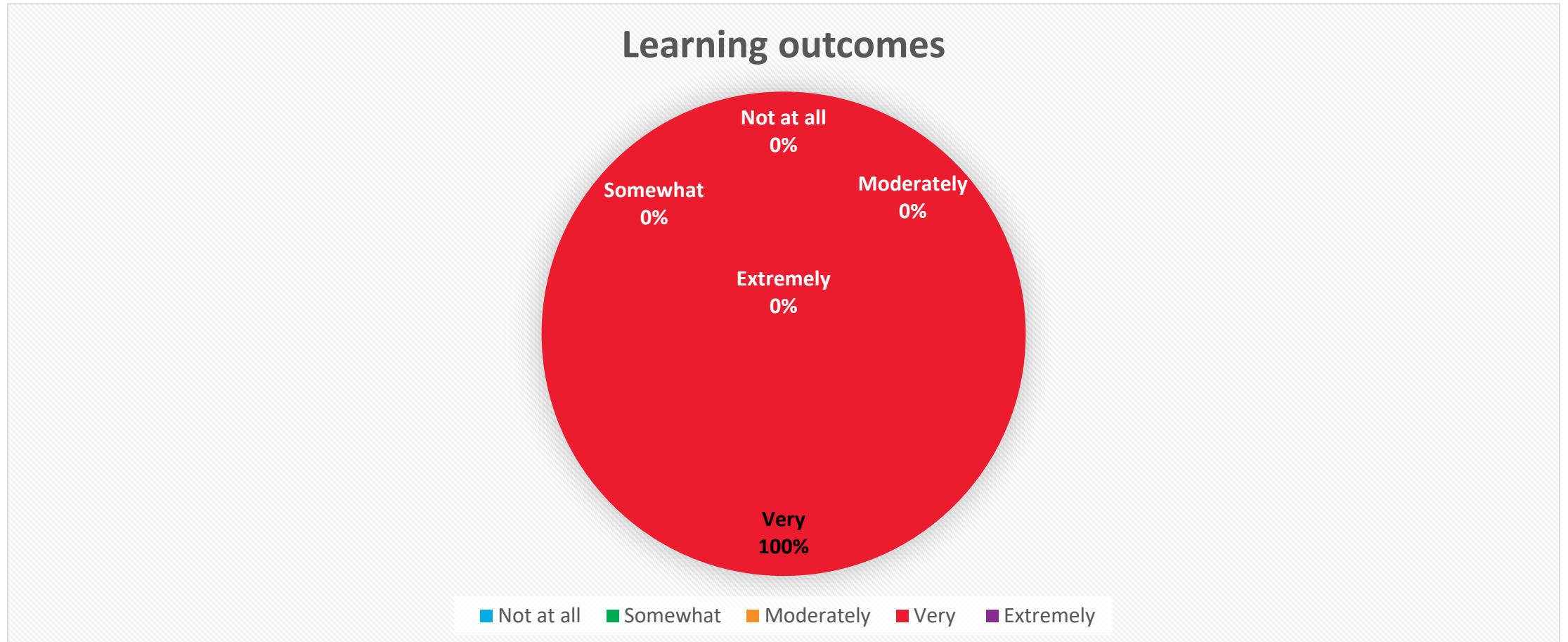
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At what stage of education and training candidates develop and demonstrate these learning outcomes



How satisfied are you that all of these Learning Objectives are developed and demonstrated





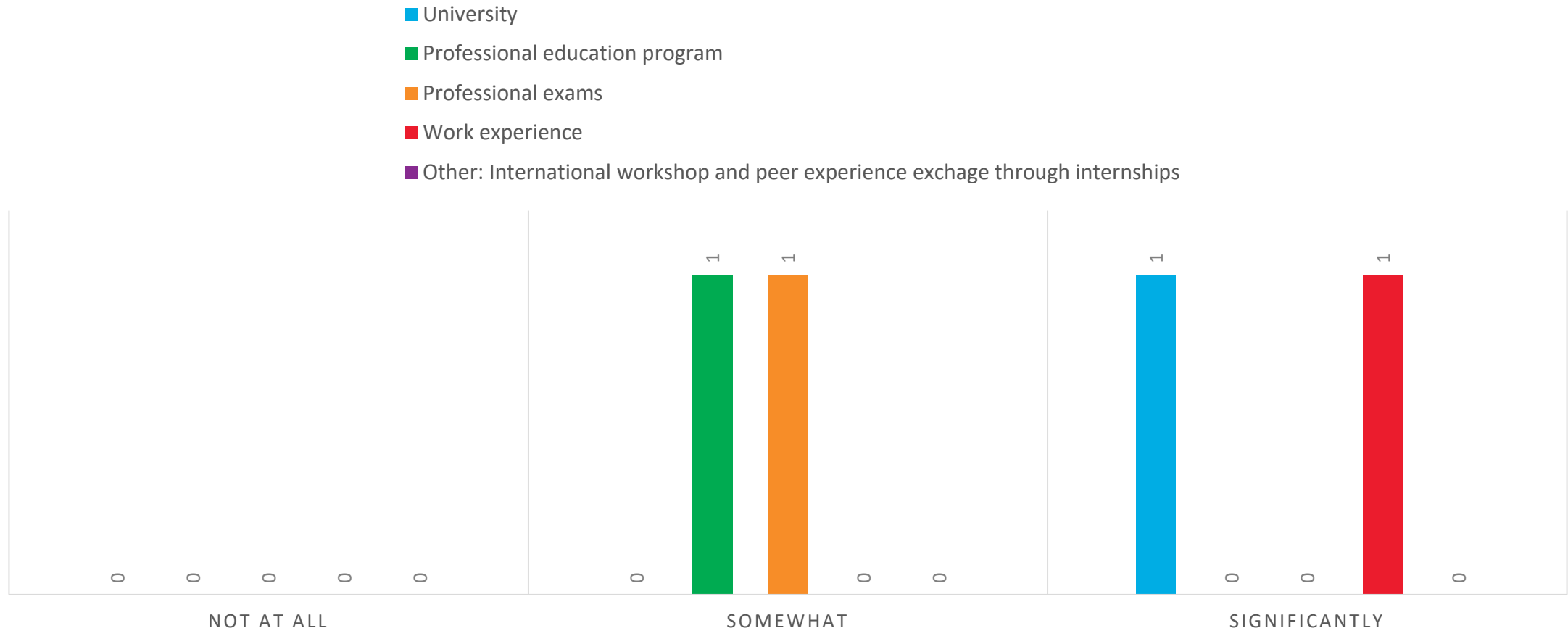
Key changes

- » AAA is going to include IT and Code of Ethics paper in auditor qualification scheme

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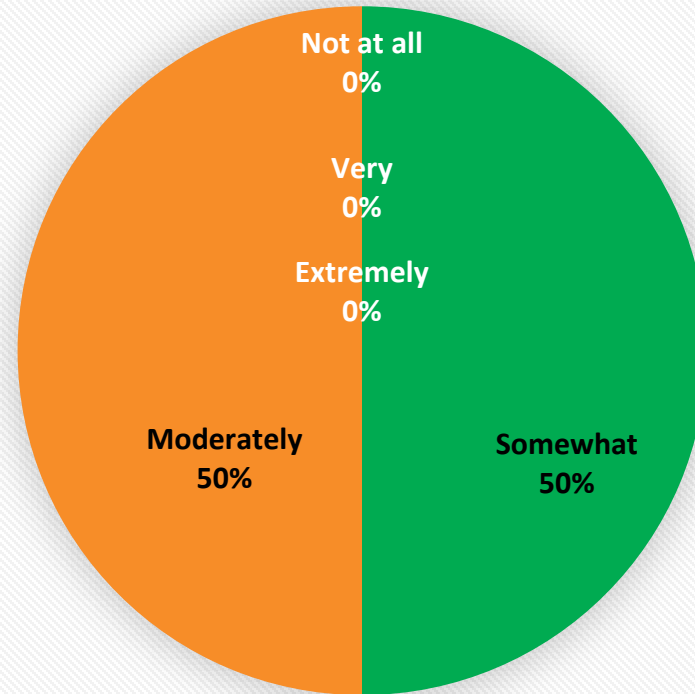


At what stage of education and training candidates develop and demonstrate these learning outcomes



How satisfied are you that all of these Learning Objectives are developed and demonstrated

Learning outcomes



■ Not at all ■ Somewhat ■ Moderately ■ Very ■ Extremely



Key changes

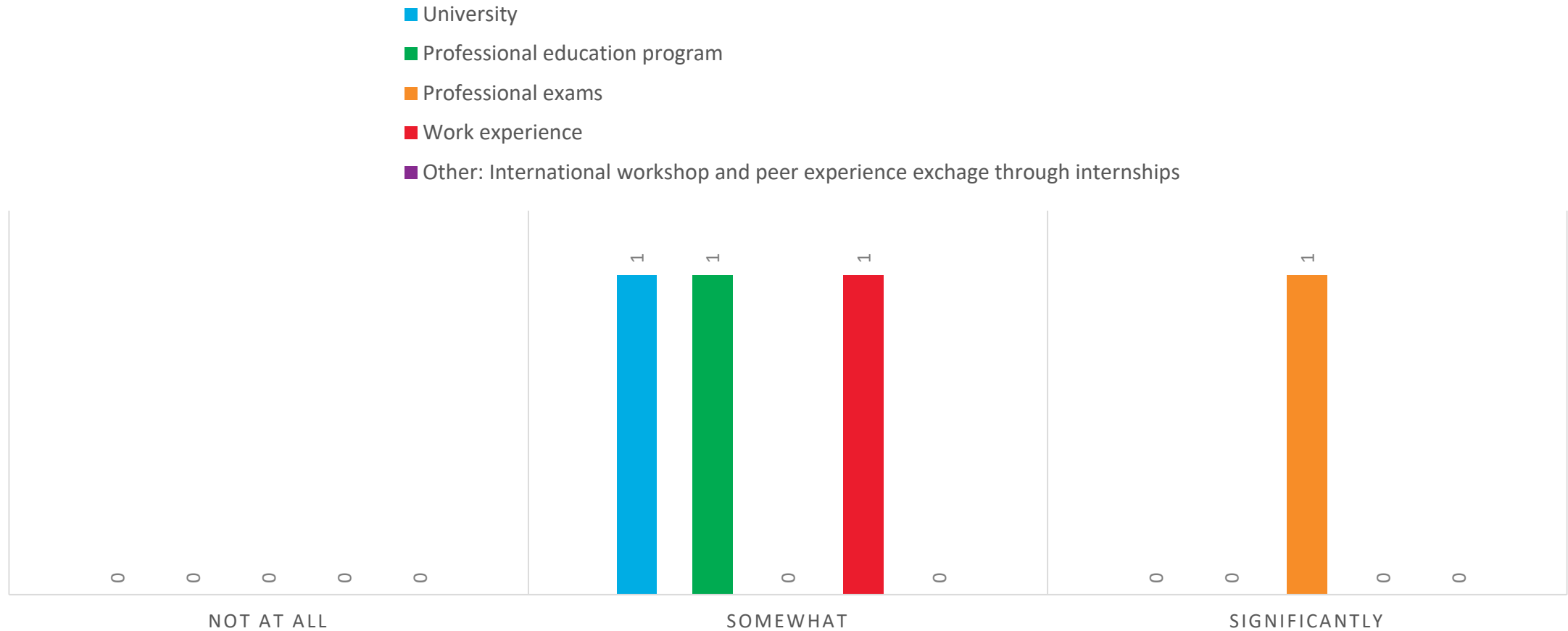
- » Develop and improve accounting educational standards
- » Train the trainer sessions
- » Regulate professional accountants by law



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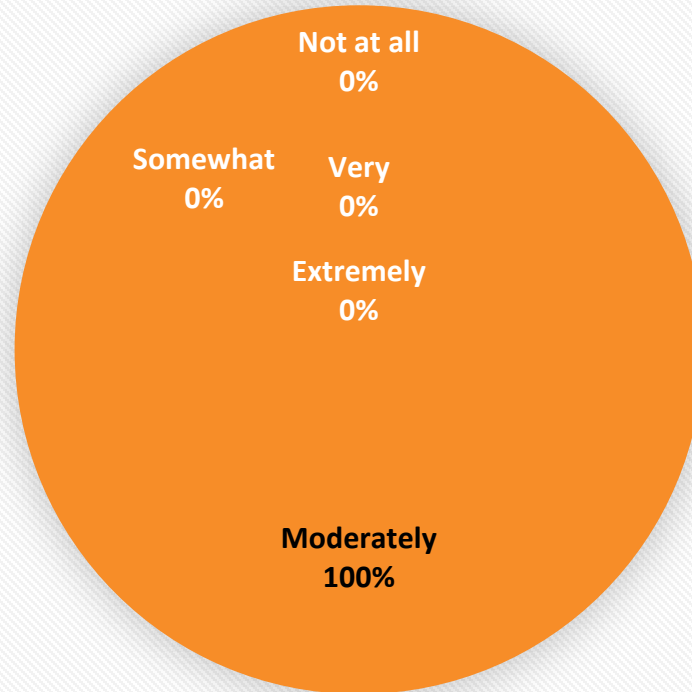


At what stage of education and training candidates develop and demonstrate these learning outcomes



How satisfied are you that all of these Learning Objectives are developed and demonstrated

Learning outcomes



■ Not at all ■ Somewhat ■ Moderately ■ Very ■ Extremely



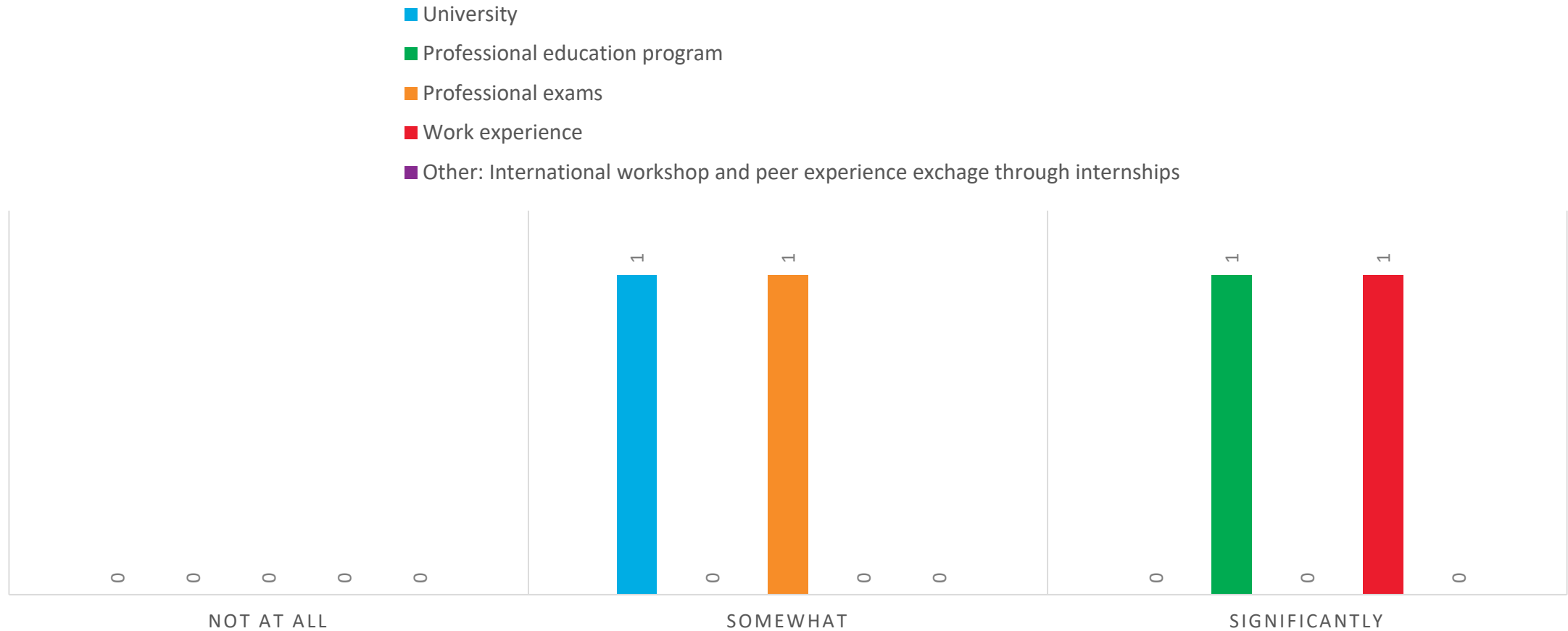
Key changes

- » Reforming universities' curricula towards their compliance with the international professional organizations' requirements (e.g., those set by ACCA)
- » Have the IESs translated into Russian

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At what stage of education and training candidates develop and demonstrate these learning outcomes





Key changes

- » University educational programs that are accredited by internationally recognized professional organizations or SARAS



IES 3 Initial Professional Development – Professional skills

- » IES 3 establishes the professional skills needed by aspiring professional accountants
- » Prescribe learning outcomes to be achieved by the end of IPD
 - » 4 competence areas & proficiency levels
 - » Intellectual (intermediate)
 - » Interpersonal & communication (intermediate)
 - » Personal (intermediate)
 - » Organizational (intermediate)
 - » 24 learning outcomes



IES 4 Initial Professional Development – Professional Values, Ethics & Attitudes

- » IES 4 establishes the professional values, ethics and attitudes needed by aspiring professional accountants
- » Prescribes learning outcomes to be achieved by the end of IPD
 - » 3 competence areas & proficiency levels
 - » Professional skepticism & professional judgment (intermediate)
 - » Ethical principles (intermediate)
 - » Commitment to the public interest (intermediate)
 - » 12 learning outcomes



IES 3 and 4

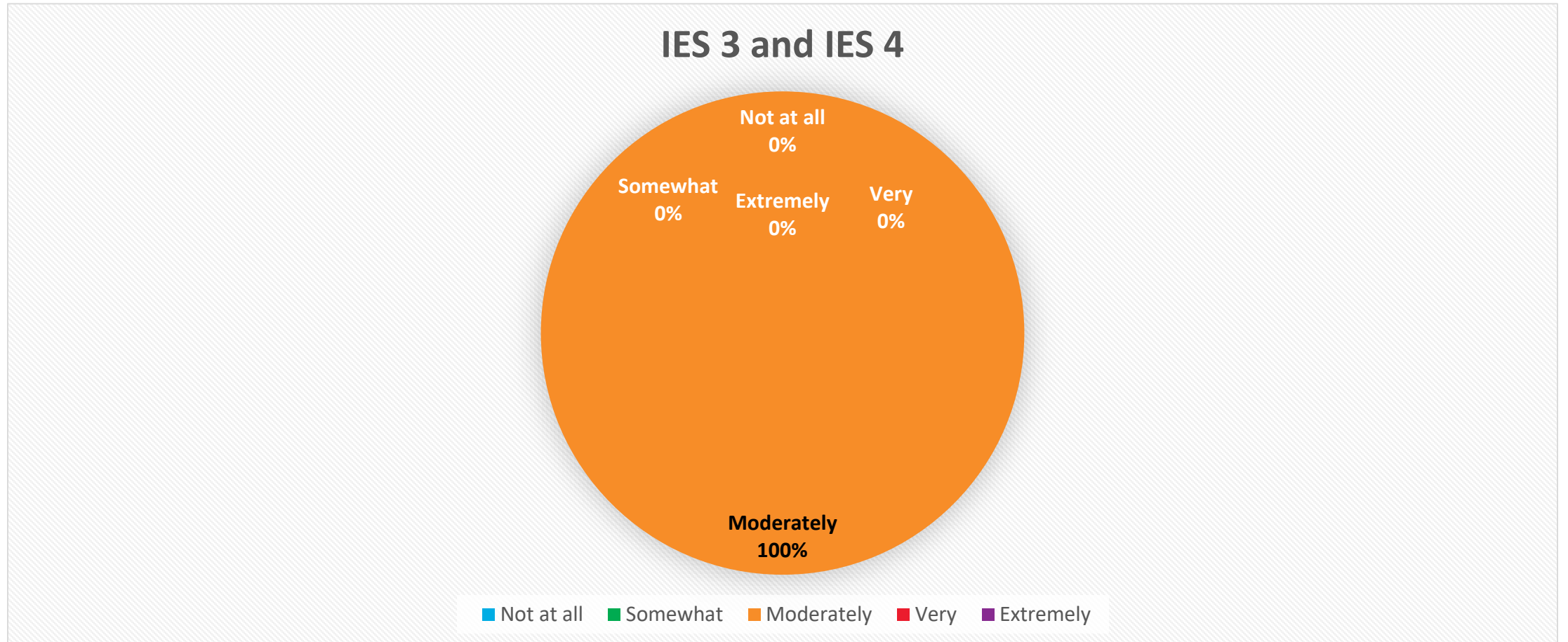
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At what stage of education and training do candidates develop and demonstrate these skills, values, ethics and attitudes



How satisfied are you with implementation of IES 3 and IES 4





Key changes

- » Include case study and case answers mid-term exam in both university and professional education level



IES 3 and 4

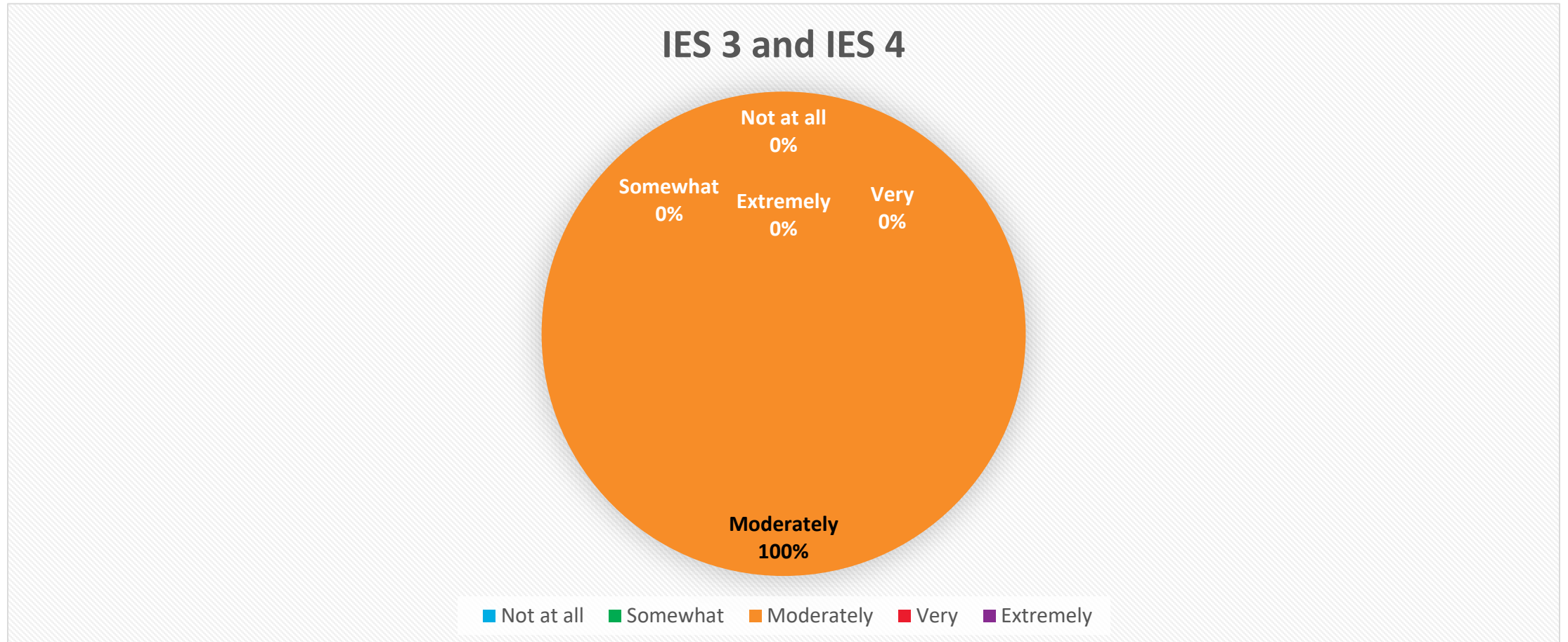
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At what stage of education and training do candidates develop and demonstrate these skills, values, ethics and attitudes



How satisfied are you with implementation of IES 3 and IES 4



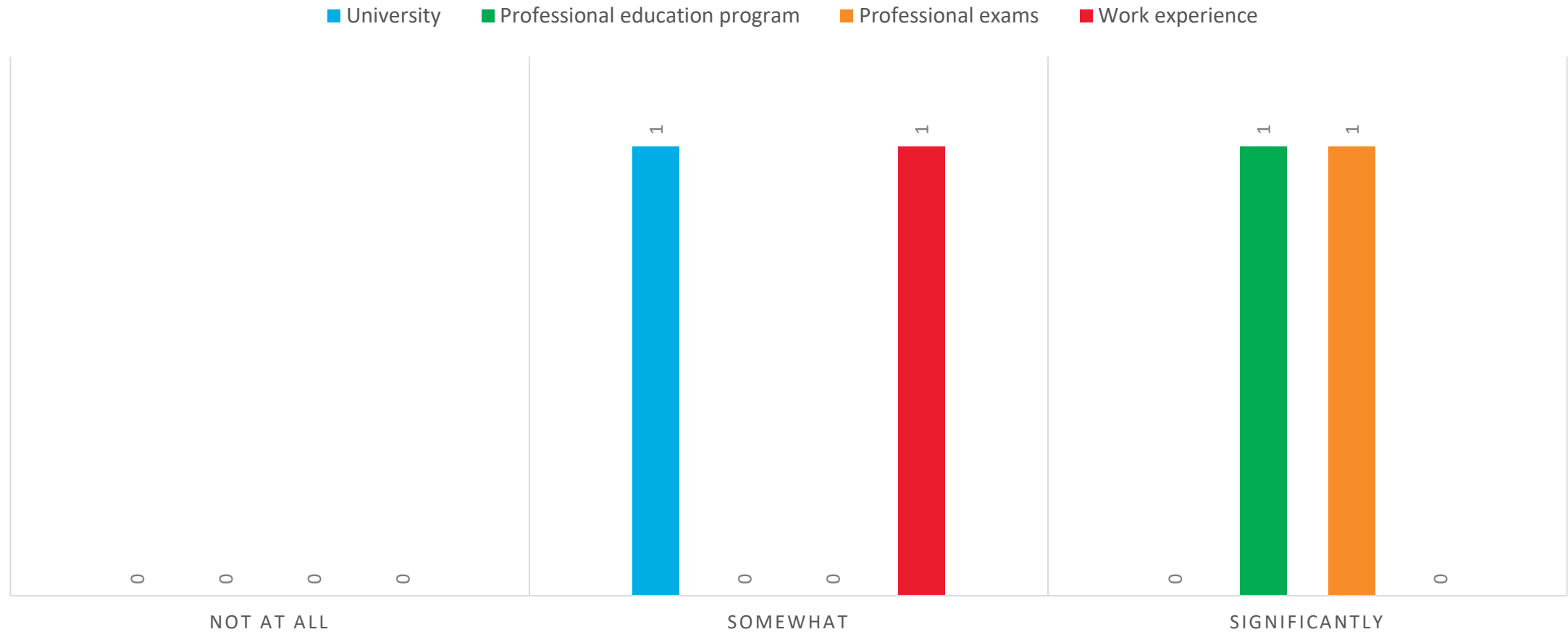


IES 3 and 4

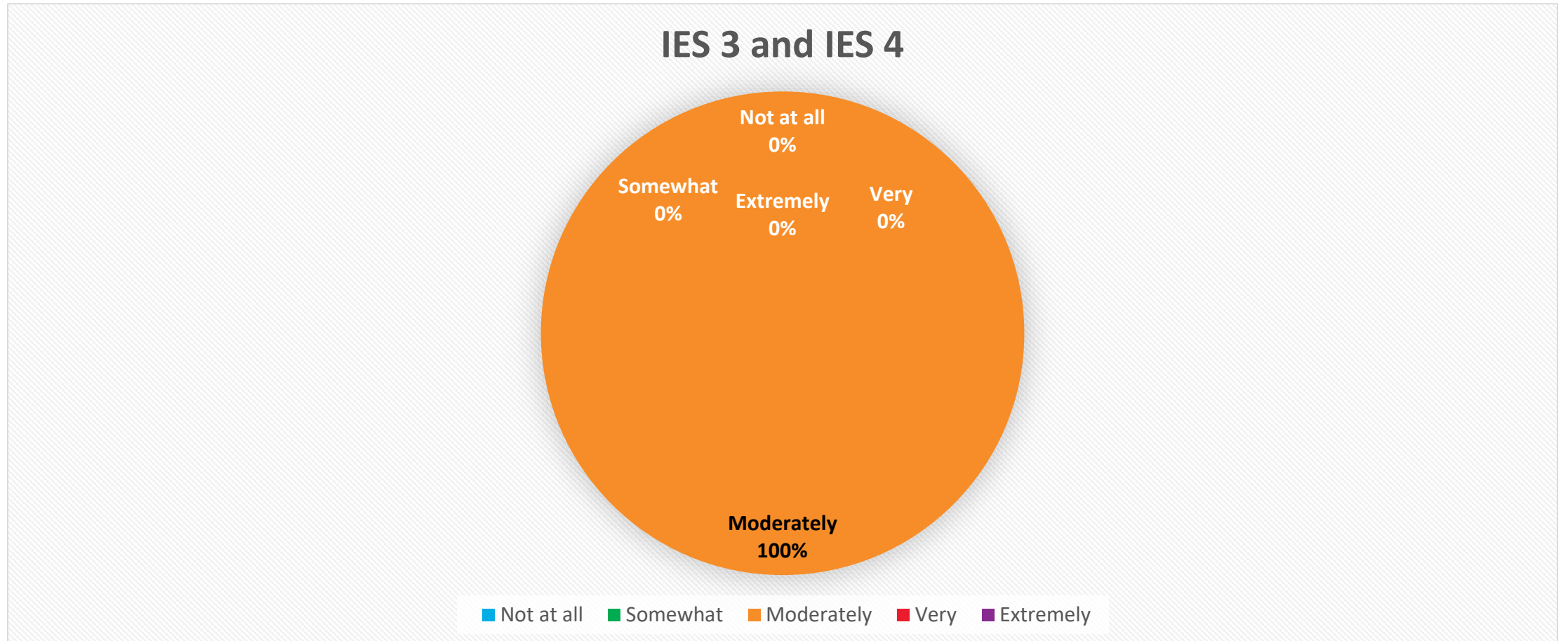
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At what stage of education and training do candidates develop and demonstrate these skills, values, ethics and attitudes



How satisfied are you with implementation of IES 3 and IES 4





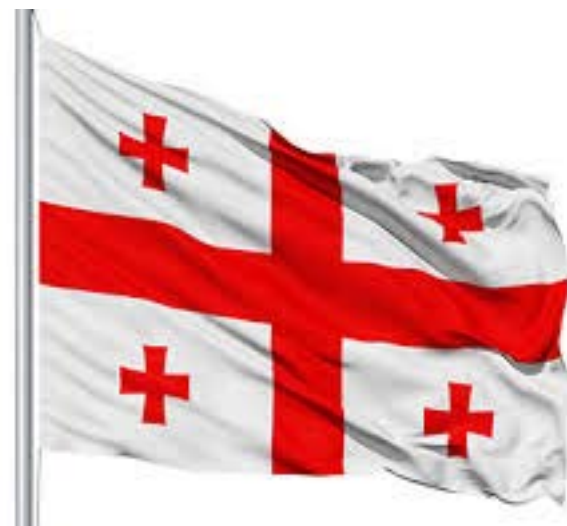
Key changes

- » International accreditation for universities' education programs
- » Enhancing the areas of certification
- » Organizing continuous CPD training

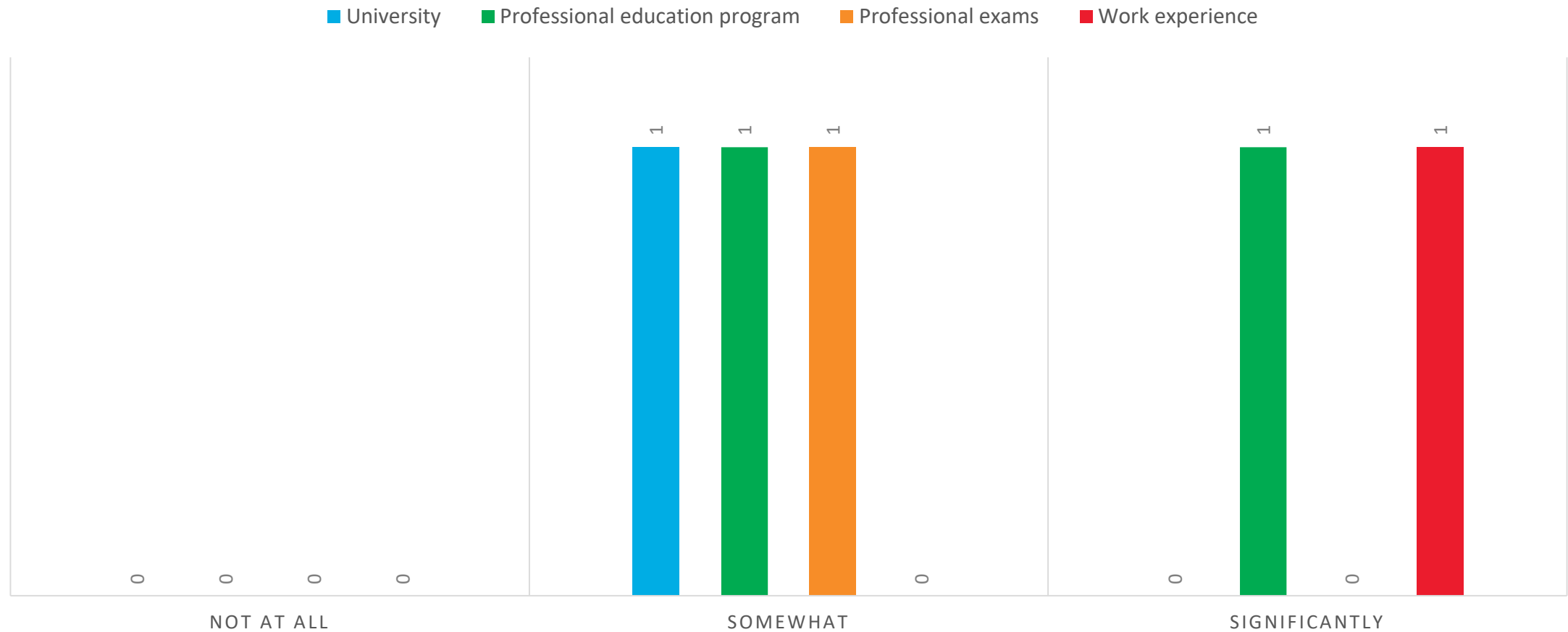


IES 3 and 4

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At what stage of education and training do candidates develop and demonstrate these skills, values, ethics and attitudes





Key changes

» Develop study courses in ethical issues of accounting and audit



IES 5 Initial Professional Development – Practical Experience

- » IES 5 established the practical experience to perform a role as a professional accountant
 - » Require practical experience to be completed by the end of IPD
 - » Require sufficient practical experience
- » IES 5 establish the preferred approach to measure practical experience using one of following 3 approaches: output based, input based or combination approach



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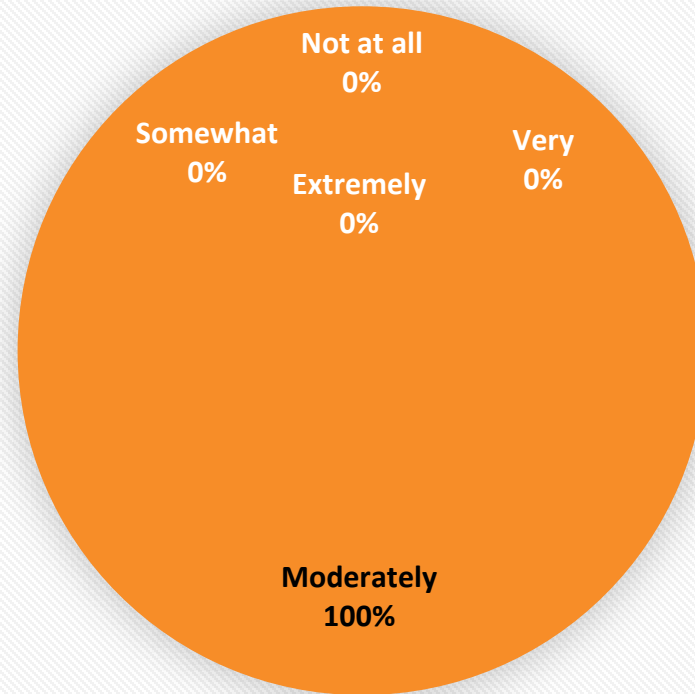


How is a candidate's work experience monitored

- » 3 years working experience required: 2 in accounting and 1 in audit
- » The candidate should fill in questionnaire to show his/her skills achieved during working experience

How satisfied are you with experience requirements

Work experience requirements



■ Not at all ■ Somewhat ■ Moderately ■ Very ■ Extremely



Key changes

- » The questionnaire should be developed further to cover mentor obligations as much as possible



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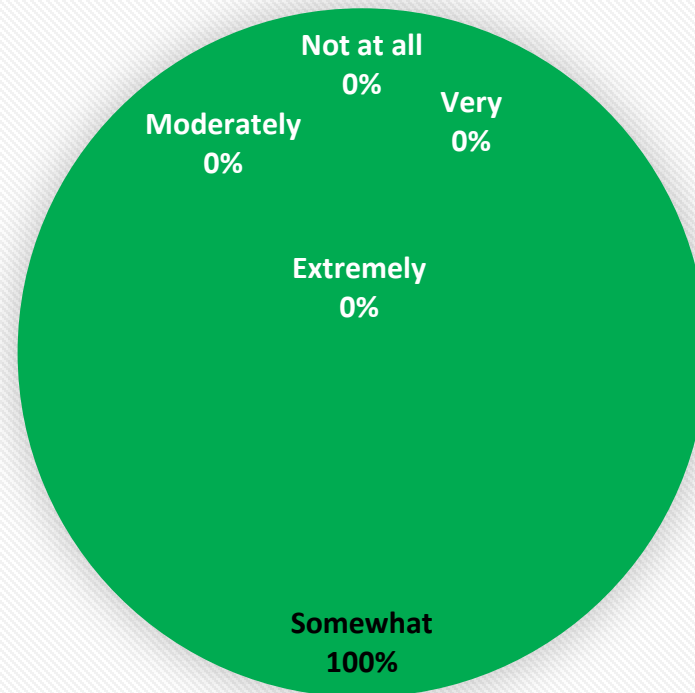


How is a candidate's work experience monitored

» By means of a work record book

How satisfied are you with experience requirements

Work experience requirements



■ Not at all ■ Somewhat ■ Moderately ■ Very ■ Extremely



Key changes

- » Auditor experience requirements fail to comply with the IESs requirements. For instance, no work experience with an audit firm is necessary in order to obtain an auditor certificate.
- » Auditor certification requirements should be expanded to ensure broader coverage of professional, i.e., the work experience requirements should vary by level of professionals.

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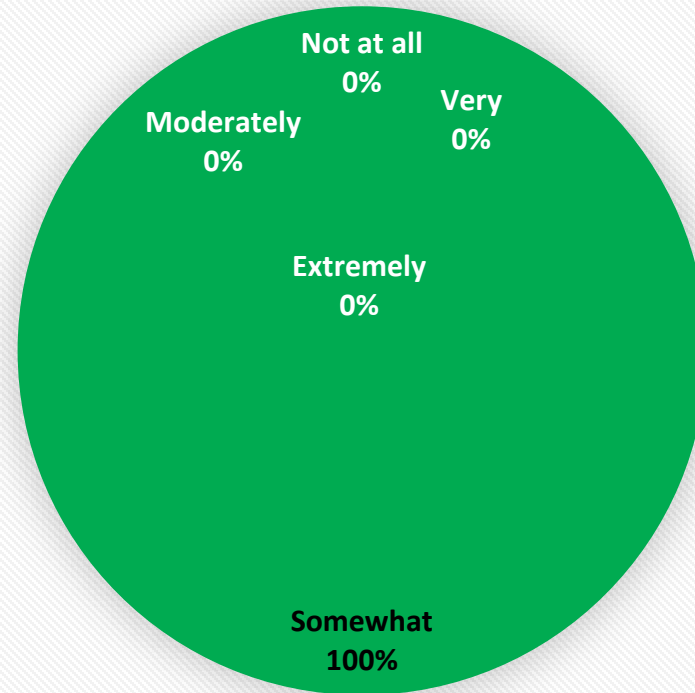


How is a candidate's work experience monitored

- » Not monitored. Professional organizations require proving one's work experience before granting a professional qualification. However, the process itself is not monitored

How satisfied are you with experience requirements

Work experience requirements



■ Not at all ■ Somewhat ■ Moderately ■ Very ■ Extremely



Key changes

- » The law already includes the following requirement: Three years working experience under auditor's supervision



IES 6 Initial Professional Development – Assessment of Professional Competence

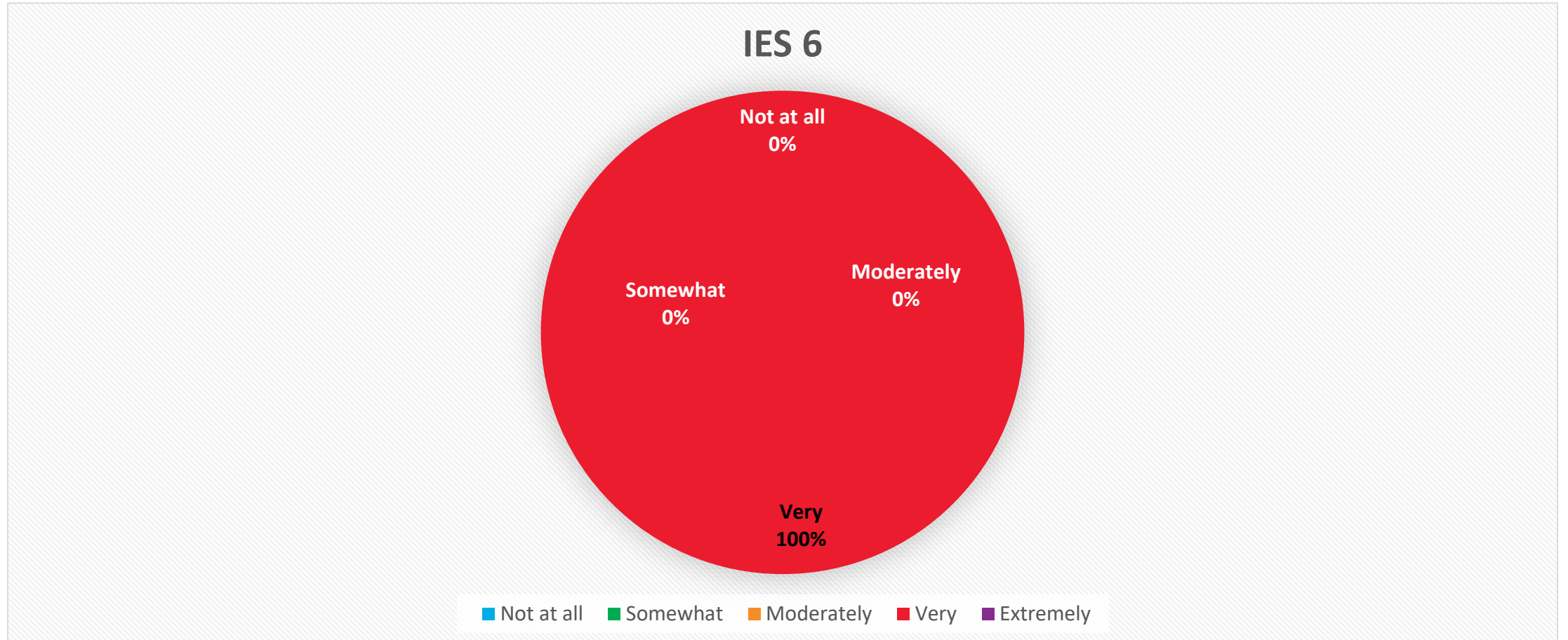
- » IES 6 establishes the assessment requirements for professional competence
 - » Design assessment activities that have high levels of reliability, validity, equity, transparency and sufficiency
 - » Base the assessment of professional competence on verifiable evidence



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How satisfied with implementation of IES 6





Key changes

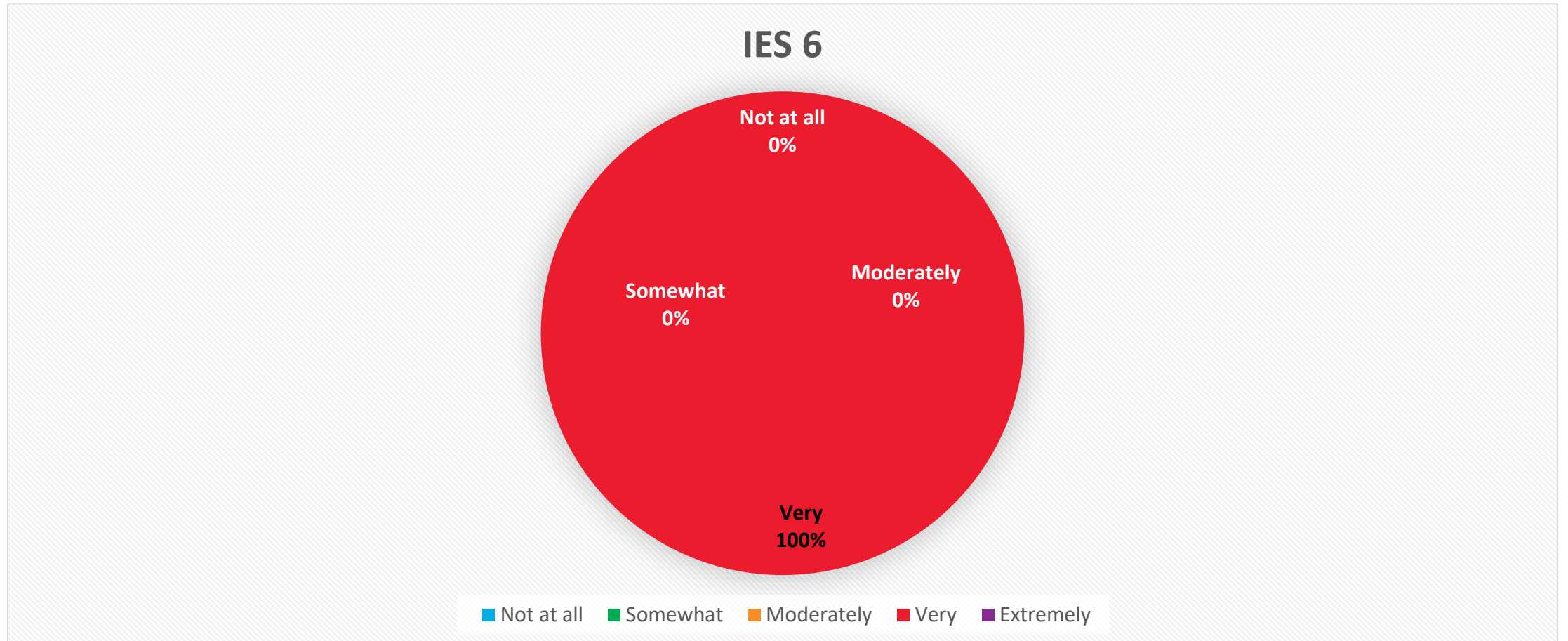
- » Maybe integrated or oral test can further improve the assessment of competence



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How satisfied with implementation of IES 6





Key changes

- » At present, only auditor assessment exams are actually held and could be assessed. For accountants, they are yet to be introduced
- » The learning process should be separate from the testing process (qualification exams), i.e. there should be two independent bodies (currently it is the Ministry of Finance)



IES 7 Continuing Professional Development

- » IES 7 require all professional accountants to undertake CPD
- » Establish the preferred approach to measuring CPD from output based, input based or combination approach



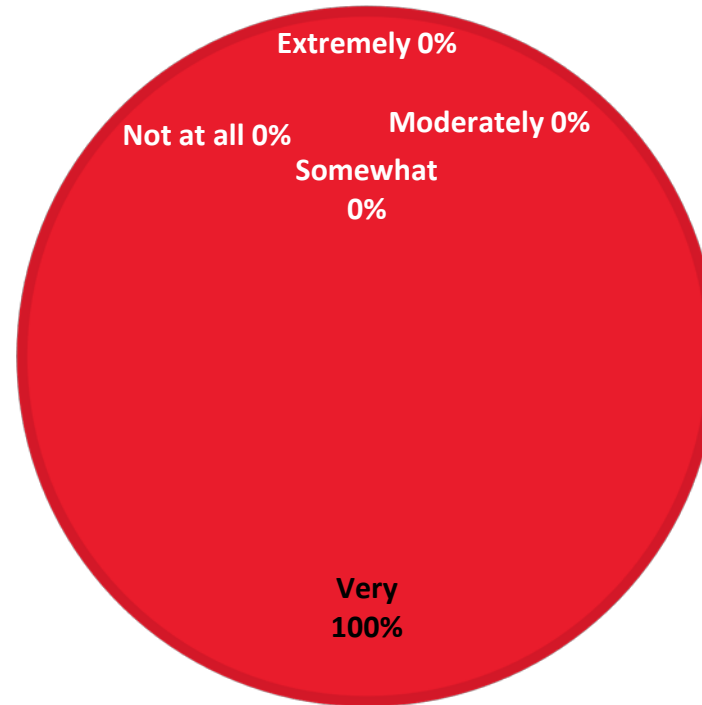
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How satisfied are you with implementation of IES 7

IES 7

■ Not at all ■ Somewhat ■ Moderately ■ Very ■ Extremely





Key changes

- » CPD – 120 hrs for 3 years and at least 20 hrs per year
- » AAAA approved CPD requirements
- » The members should present fulfilled statement about CPD courses attended
- » Monitoring and supervising is still a challenge



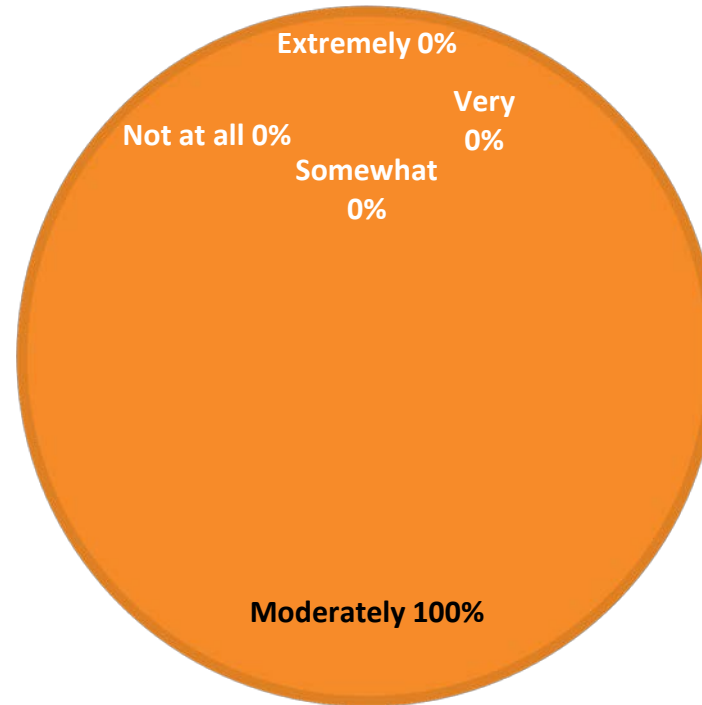
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How satisfied are you with implementation of IES 7

IES 7

■ Not at all ■ Somewhat ■ Moderately ■ Very ■ Extremely



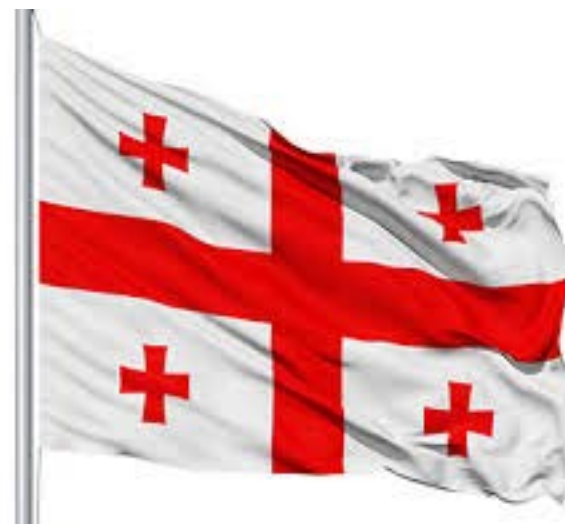


Key changes

- » Include minimum CPD training requirements with an examination as per IES 7 in the law
- » CPD courses various approaches (substance) (assistant auditor, auditor, engagement partner)



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Key changes

- » Enhancement of professional competencies will depend on how effective SARAS will be in developing educational standards on CPD requirements and monitoring in renewing these standards on an annual basis



IES 8 Professional Competence for Engagement Partners Responsible for Audits of Financial Statements

- » Prescribe learning outcomes to be achieved by professional accountants when developing or maintaining professional competence to perform the role of an engagement partner
 - » 15 competence areas
 - » 28 learning outcomes
 - » Build on learning outcomes from IESs 2, 3 and 4
- » Require engagement partner to undertake CPD that develops and maintains the professional competence required for the role



IES 8

- » IES 8 is written for those professional accountants who are already performing the role of engagement partner. IES 8 does not prescribe requirements about licensing, highlight the need for an undergraduate degree or set the minimum requirements.
- » IES 8 requires professional accountants performing the role of an engagement partner to develop and maintain professional competence that is demonstrated by the achievement of learning outcomes specified in the IES.

- » Evidence that engagement partners have undertaken CPD to develop and maintain the professional competence required for their role as an engagement partner can be obtained in various ways (subject to any constraints that obligations to maintain confidentiality may impose). Examples include:
 - » Reviewing CPD records;
 - » Performing quality checks on the relevance of CPD completed;
 - » Internal or external quality control reviews;
 - » Reviewing personal development areas and learning completed as part of performance reviews; and
 - » Verifying that partners have performed a self-assessment of the practical experience they have obtained.



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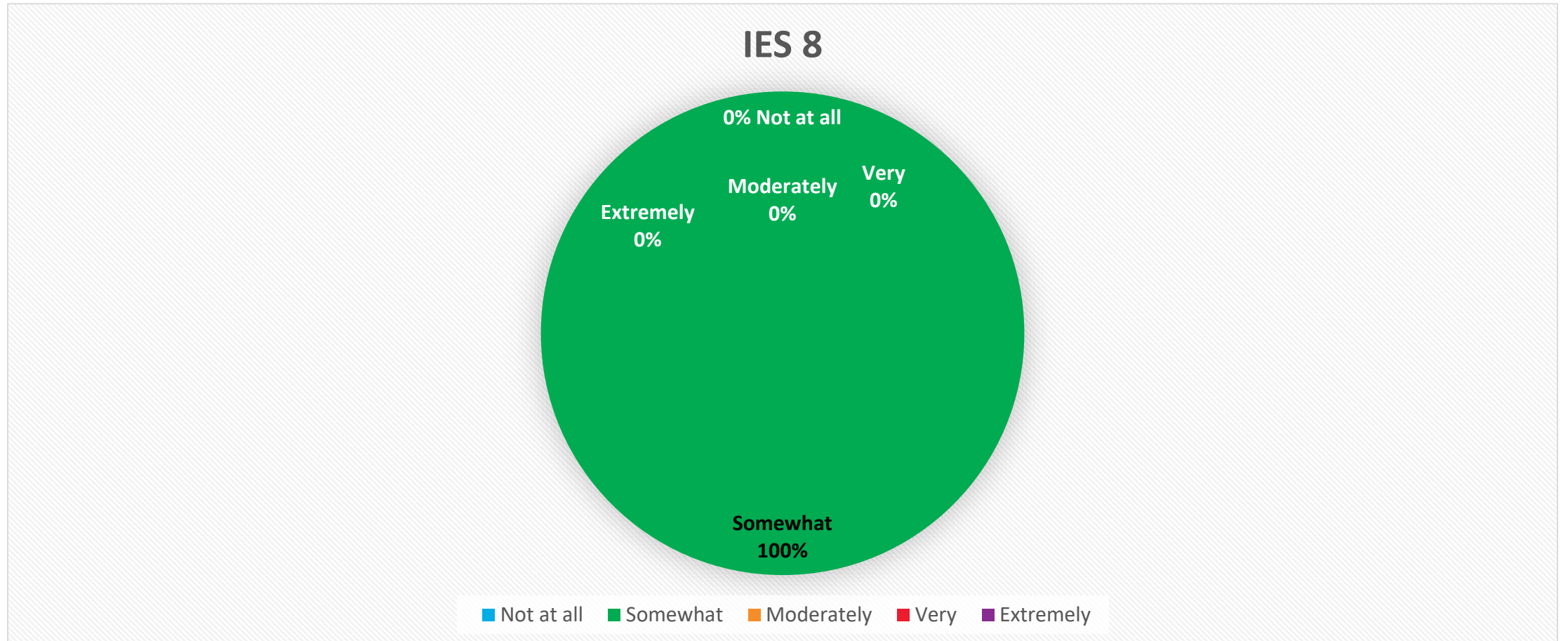




Requirements to ensure that audit engagement partners are competent for the role

- » The licensing is under authority of MoF, but candidates should have AAAA qualification. The membership to AAAA is not obligatory for further supervision

How confident are you that these requirements are sufficient



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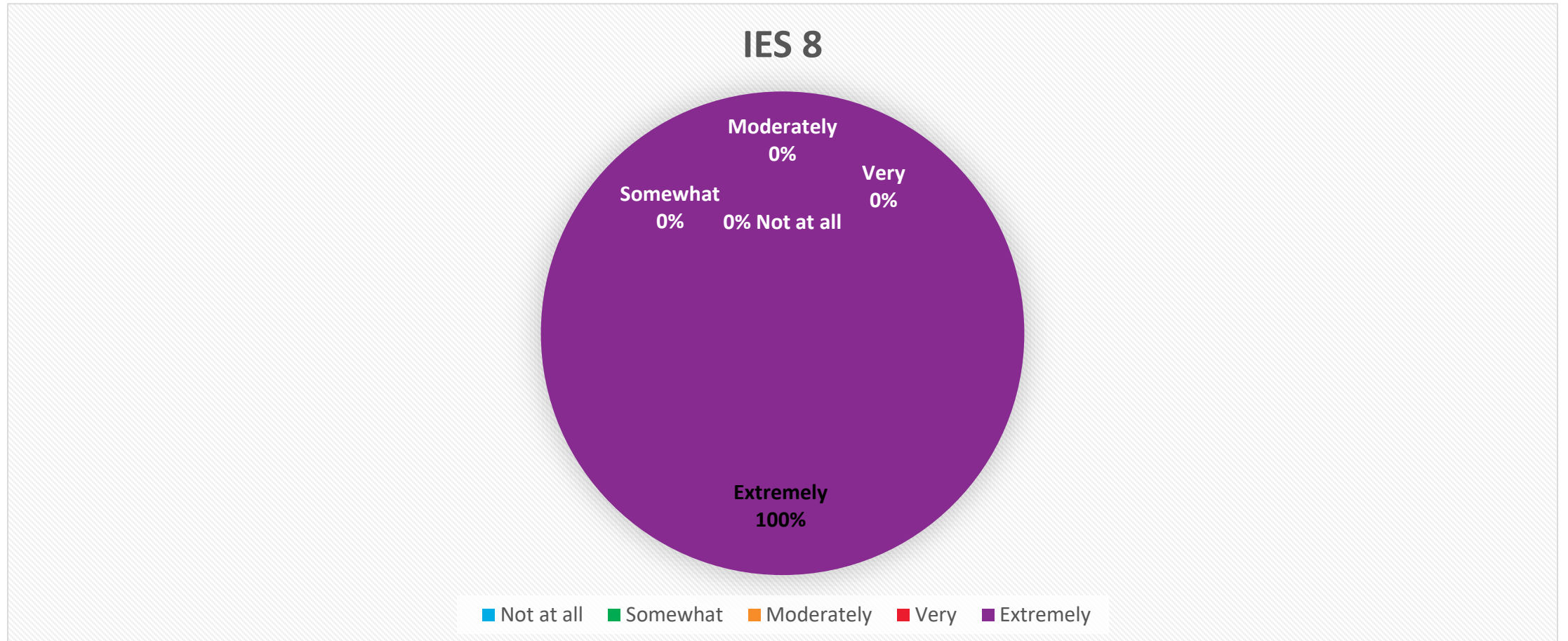




Requirements to ensure that audit engagement partners are competent for the role

- » Audits can only be conducted by authorized auditors – only persons who successfully passed the exams organized by the Chamber of Auditors
- » Auditors must attend mandatory refresher training courses: 60 hours per year
- » Exam and course programs are fully compliant with the ISAs requirements

How confident are you that these requirements are sufficient





Key changes

- » Improving the existing system continuously
- » Applying international experience
- » Complying with requirements set by the international professional organizations and EU Directives / Recommendations



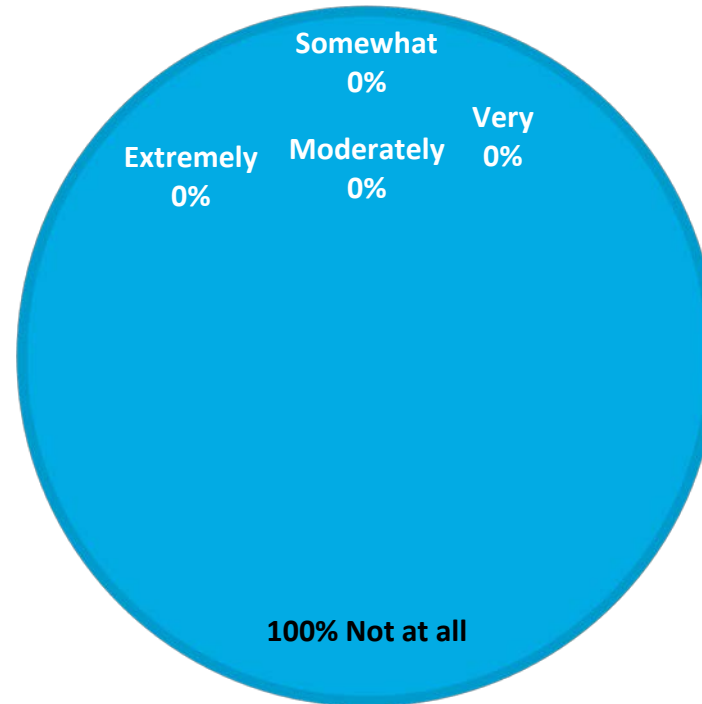
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How confident are you that these requirements are sufficient

IES 8

■ Not at all ■ Somewhat ■ Moderately ■ Very ■ Extremely





Key changes

» Including the engagement partners requirement in the law



Objectives - Armenia

- » **Priority 1:** Improve image of increasing public confidence and profession in society.
- » **Priority 2:** Improve effectiveness of audit quality control.
- » **Priority 3:** Improve public awareness of the value of sound financial reporting.



Objectives - Azerbaijan

- » **Priority 1:** In Universities, teach the course program that overlap with International Accounting and Auditing Standards (Education Standards for accounting profession); improve education program in universities; improve the level of education.
- » **Priority 2:** Identify and prepare the certified programs for professional accountants; train and re-train high level faculty members.
- » **Priority 3:** Improve knowledge of academics in universities; improve and develop the current codes and rules related to accounting and auditing; improve teaching facilities



Objectives - Belarus

- » **Priority 1:** Develop/enhance Faculty competence level in the area of international standards, financial statements, audit and education.
- » **Priority 2:** Develop teaching materials jointly with PAOs that are aimed to enhance Faculty competence level consistent with Priority 1.
- » **Priority 3:** Ensure international accreditation for accounting education programs in order to improve training of professionals.



Objectives - Georgia

- » **Priority 1:** Development of educational standards for accounting and audit. Continuing professional development.
- » **Priority 2:** Ensuring involvement of PAO and universities in the process of developing educational standards.
- » **Priority 3:** Capacity building improving qualification of human resources. Elaboration of teaching material.



Next steps

- » In country events
 - » Working sessions on updating questionnaire
- » Finalization and publication events

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Thank you!